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Canada

Fresh Deciduous Fruit

Annual

2003

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Report Highlights:

Moderate increases are forecast for Canadian production of fresh apples and pears in 2003. U.S. fresh apple exports to Canada during MY2002/03 advanced 20% from last year's level while the U.S. market share for imports of fresh pears declined due to increased competition from Argentina and China.

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Executive Summary

- * Led by gains in Ontario, apple production in Canada is expected to be at least 10% greater than a year ago while total pear output could increase by up to 15% from the 2002 level.
- * Ontario Apple producers voted 72% in favor of developing a new, regulated marketing plan that will have the authority to negotiate prices with apple processors, but not for the fresh apple trade. All Ontario growers with 10 acres of orchards or more will pay \$20 an acre to support the organization. The previous apple commission was dissolved last year.
- * Canadian fresh apple imports from the United States in MY2002/03 (July/June) increased more than 20% to 112,380 metric tons (\$86 million) from 92,816 metric tons (\$68 million) the previous year. The below average crop outturn in Canada was a major reason for the advance in U.S. fresh apple sales to Canada.
- * Despite a lower crop, Canadian apple exports posted a 4% year-to-year increase to 61,8745 metric tons during MY2002/03. Most of the increase in exports was due to increased sales to the United States, but sales to Mexico were also up significantly. The anticipated larger crop of 2003 is expected to result in an additional advance in exports.
- * The U.S. market share for fresh pears in Canada declined in 2002/03 due to higher imports from Argentina and China. Increased Canadian imports of pears from China follows a 2001 Canada/China phytosanitary protocol agreement to permit the entry of fresh pears from approved orchards in China.

Section I. Situation and Outlook

Apples

Present prospects for the 2003 Canadian apple crop point to an increase of at least 10% above last year's relatively poor crop. Total fresh apple production is expected to reach about 440,000 metric tons compared to 402,404 metric tons in 2002. Despite the anticipated increase, production remains well below the previous five-year average (1997-2001) of more than 525,000 metric tons. During the last three years, production in Central Canada (Ontario and Quebec) has been lower than average due to highly variable weather conditions during the growing period. For 2003, Ontario apple output is expected to rebound strongly. Early indications are that the provincial crop will be one-third greater than last year. Quebec growers are looking to a 5% increase while the British Columbia crop will be below last year due to persistent, hot, dry weather. National production could exceed 500,000 metric tons in 2004 if favorable weather conditions prevail in all regions.

Country Commodity	Canada		(HA)(1000 TREES)			
	2001	Revised	2002	Estimate	2003	Forecast
Market Year Begin	USDA Official	Estimate	Official	Estimate	Official	Estimate
		07/2001		07/2002		07/2003
Area Planted	26568	25799	26000	24522	0	23500
Area Harvested	22434	22531	21500	20584	0	20000
Bearing Trees	0	0	0	0	0	0
Non-Bearing Trees	0	0	0	0	0	0
Total Trees	0	0	0	0	0	0
Commercial Production	495000	466602	510000	402404	0	440000
Non-Comm. Production	0	0	0	0	0	0
TOTAL Production	495000	466602	510000	402404	0	440000
TOTAL Imports	125000	122053	130000	144720	0	150000
TOTAL SUPPLY	620000	588655	640000	547124	0	590000
Domestic Fresh Consu	370000	345127	382000	335250	0	355000
Exports, Fresh Only	60000	59578	58000	61874	0	65000
For Processing	190000	183950	200000	150000	0	170000
Withdrawal From Mark	0	0	0	0	0	0
TOTAL UTILIZATION	620000	588655	640000	547124	0	590000

Pears

Pear production in Canada in 2003 is forecast to be 10-15% above last year when British Columbia recorded one of the lowest pear crops on record. Production is forecast to reach about 15,500 metric tons during 2003 compared to 13,647 metric tons in 2002. Ontario and B.C. are the major pear producing regions. Over the next few years, pear area in Ontario is expected to grow by up to 1,000 acres reflecting an increase in the demand for processing pears (see Policy Section). Ontario pear acreage is currently about 2,600 acres.

Country Commodity	Canada		Fresh Pears		(HA)(1000 TREES)	
	2001	Revised	2002	Estimate	2003	Forecast
Market Year Begin	USDA Official	Estimate	USDA Official	Estimate	USDA Official	Estimate
	07/2001		07/2002		07/2003	
Area Planted	1336	1573	1300	1522	0	1600
Area Harvested	1237	1390	1200	1342	0	1325
Bearing Trees	0	0	0	0	0	0
Non-Bearing Trees	0	0	0	0	0	0
Total Trees	0	0	0	0	0	0
Commercial Production	17000	17457	17500	13647	0	15500
Non-Comm. Production	0	0	0	0	0	0
TOTAL Production	17000	17457	17500	13647	0	15500
TOTAL Imports	75000	75208	77000	80751	0	82500
TOTAL SUPPLY	92000	92665	94500	94398	0	98000
Domestic Fresh Consump	86900	82131	89000	84159	0	86650
Exports, Fresh Only	500	404	500	239	0	350
For Processing	4600	10130	5000	10000	0	11000
Withdrawal From Market	0	0	0	0	0	0
TOTAL UTILIZATION	92000	92665	94500	94398	0	98000

Section II. Trade

Apples

Imports

Canadian fresh apple imports from the United States in MY2002/03 (July/June) increased more than 20% to 112,380 metric tons (\$86 million) from 92,816 metric tons (\$68 million) the previous year. The below average crop outturn in Canada was a major reason for the advance in U.S. fresh apple sales to Canada. The U.S. market share of total Canadian fresh apple imports in MY2002/03 rebounded to 78%. Other important fresh apple suppliers to Canada are Chile, New Zealand, and South Africa.

Canadian Fresh Apple Imports

Marketing Year, July/June

Units: metric tons

HS 0808.10

Country	2000/01	2001/02	2002/03	% change
the World	120,576	122,053	144,720	19%
United States	94,844	92,816	112,380	21%
Chile	10,904	12,562	14,680	17%
New Zealand	7,213	8,331	9,796	18%
South Africa	5,252	7,214	5,725	-21%
France	1,299	462	894	94%
Argentina	452	448	665	49%
China	4	4	427	10881%
Costa Rica	-	49	59	19%
Saudi Arabia	2	63	21	-67%
Switzerland	83	15	19	25%
Italy	374	3	16	516%
All Other Countries	0	0	0	-56%

StatCan & World Trade Atlas

Fresh Apple Imports from the U.S., by State

Of total U.S. fresh apple exports to Canada during MY2002/03, Washington State was the major supplier accounting for 80%. California, New York and Michigan combined for another 18%, almost all of the balance. Although New York is the third most important supplier of U.S. fresh apple sales to Canada, growers in that state claim that their efforts to increase exports to Canada are thwarted by Canada's package size regulations that restrict bulk exports of New York apples to Canada (see Policy Section).

Fresh Apple Imports from the United States, by State of Origin

Marketing Year, July/June

Units: metric tons

HS 0808.10

	2000/01	2001/02	2002/03	% change
From All States	94,844	92,816	112,380	21%
Washington	77,137	79,368	90,701	14%
California	8,537	6,932	8,838	28%
New York	5,082	3,844	6,877	79%
Michigan	2,432	1,067	4,076	282%
Oregon	851	783	841	7%
North Carolina	142	280	254	-9%
Virginia	0	2	166	9530%
Massachusetts	48	253	131	-48%
Arizona	50	35	85	142%
Pennsylvania	52	35	68	93%
Ohio	8	1	65	6254%
Florida	134	94	55	-42%
New Jersey	106	35	54	54%
North Dakota	11	20	40	98%
Idaho	87	9	37	287%
Minnesota	21	10	35	258%
Texas	12	4	30	681%
All Other States	132	44	28	-38%

Source: World Trade Atlas

Exports

Despite lower production, Canadian apple exports posted a 4% year-to-year increase and reached 61,874 metric tons during MY2002/03. Most of the increase in exports was due to increased sales to the United States, but sales to Mexico were also up significantly compared to a year earlier. For MY2003/04, the outlook is for exports to advance reflecting increased available supplies from the anticipated rise in production.

Canadian Fresh Apple Exports to the World

Marketing Year, July/June

Units: metric tons

HS 0808.10

Country	2000/01	2001/02	2002/03	% change
The World	62,957	59,578	61,874	4 %
United States	37,875	39,070	45,707	17 %
Mexico	4,757	3,933	7,036	79 %
United Kingdom	6,826	7,207	3,864	-46 %
Costa Rica	615	479	1,251	161 %
Indonesia	2,381	2,098	654	-69 %
Philippines	6,337	1,544	565	-63 %
Honduras	364	303	499	65 %
Dominican Republic	180	368	450	22 %
Saudi Arabia	-	1,259	399	-68 %
Guatemala	216	382	249	-35 %
Taiwan	85	241	214	-11 %
Hong Kong	44	-	181	na
All Others	3,277	2,695	804	-70 %

StatCan and World Trade Atlas

Fresh Apple Exports to the U.S., by major State

In MY2002/03 the state of New York was the leading U.S. destination for Canadian fresh apple exports to the United States. With the exception of California, the major U.S. destinations for Canadian apples are border states.

Canadian Fresh Apple Exports to the U.S., by State

Marketing Year, July /June

HS 0808.110

	2000/01	2001/02	2002/03	% change
To All States	37,875	39,070	45,707	17%
New York	5,704	6,126	10,765	76%
California	10,902	12,802	10,249	-20%
Michigan	7,927	8,317	8,062	-3%
Washington	5,263	5,357	6,389	19%
Texas	3,236	1,868	3,231	73%
Arizona	1,018	979	1,949	99%
Pennsylvania	1,231	1,615	1,279	-21%
Florida	2	-	786	na
Massachusetts	665	286	600	110%
Maine	310	244	465	90%
All other States	1,617	1,474	1,933	31%

Statistics Canada; World Trade Atlas

Pears

Imports

Canada's import market for fresh pears continued to increase during MY2002/03, but U.S. market share slipped to 57% from 65% the previous year due to higher imports from Argentina and China. Increased Canadian imports of pears from China follows a 2001 Canada/China phytosanitary protocol agreement to permit the entry of fresh pears from approved orchards in China (see CA1129).

Canada: Fresh Pear Imports

Marketing Year, July/June

Units: metric tons

HS 0808.20

				% change
Country	2000/01	2001/02	2002/03	
The World	72,007	75,208	80,751	7 %
United States	44,743	48,517	45,860	-5 %
Argentina	13,198	10,601	13,786	30 %
China	2,852	4,829	9,617	99 %
Chile	5,923	3,089	3,043	-1 %
South Africa	1,611	2,732	2,649	-3 %
Australia	926	1,844	2,073	12 %
Korea, South	441	1,028	1,375	34 %
Italy	915	1,132	988	-13 %
Portugal	637	600	887	48 %
New Zealand	571	687	211	-69 %
Mexico	47	104	80	-23 %
All Others	142	47	184	295 %

StatCan and World Trade Atlas

Exports

A poor pear crop in 2002 limited the availability of Canadian pears for export during MY2002/03. Although the level of exports is relatively minor, pears are Canada's most important export of tender fruit (apricots, peaches, pears, plums, sweet cherries, sour cherries and nectarines).

Canada: Fresh Pear Exports

Marketing Year, July/June

Units: metric tons

HS 0808.20

Country	2000/01	2001/02	2002/03	% chng
The World	465	404	239	-41%
United States	400	141	203	44%
China	-	-	19	na
Nicaragua	-	-	11	na
Taiwan	22	162	-	-100%
Venezuela	-	65	-	-100%
All Others	0	0	0	-83%

StatCan & World Trade Atlas

Section III. Consumption

Canada: Per Capita Consumption of Apples & Pears

Units: kilograms retail weight*

Year	APPLES	PEARS
1997	10.34	2.25
1998	13.28	2.30
1999	11.83	2.45
2000	12.01	2.30
2001	11.09	2.38

* INCLUDES FRESH EQUIVALENT OF PROCESSED

Source: Statistics Canada

Prices

Weekly fresh apple and pear prices on major Canadian wholesale markets and daily market prices for Toronto and Montreal are available electronically at Agriculture and Agric -Food Canada's (AAFC) InfoHort website at: http://www.agr.ca/misb/infhort/infhort_e.html

Apple Storage Holdings

Agriculture and Agric -Food Canada reports the quantity and type of apples in storage in Canada, by province. To view this data, visit the following AAFC web link: <http://www.agr.ca/misb/infhort/data/storage/appdistindex.html>

Section IV. Policy

Ontario Apple Growers Vote to Form New Marketing Board

In June 2003, Ontario Apple producers voted 72% in favor of developing a new, regulated marketing plan when they participated in a Producer Expression of Opinion Vote, conducted by the Ontario Farm Products Marketing Commission (OFPMC). Producers who voted in favor of the plan accounted for a 67% of the province's apple area. The OFPMC will work with the Ontario Apple Growers' Steering Committee to develop the necessary regulations and form a new apple marketing board under the Farm Products Marketing Act. The proposed plan, yet to be named, will have the authority to negotiate prices with apple processors, but not for the fresh apple trade. All growers with 10 acres of orchards or more will pay \$20 an acre to support the organization. The previous apple commission was dissolved last year also after a grower vote.

Bulk Waivers

Canada's Fresh Fruit and Vegetable Regulations, under the Canada Agricultural Products Act, only allow Canadian processors or packers to source bulk supplies (apples) from the United States or another province in Canada if domestic supplies are unavailable. Commonly referred to as Canada's "bulk waiver" requirement (or ministerial exemption),

processors or packers must apply to the Canadian Food Inspection Agency (CFIA) for a special exemption to the regulations to obtain non-complying product from another province or another country. The exemptions are only granted for repacking or for processing purposes. The labeling, packaging and quality requirements may be waived, when a Ministerial Exemption is requested for processing purposes. Only the labeling and packaging requirements may be waived, when a Ministerial Exemption is requested for repacking purposes. The quality requirement continues to be dictated by import (i.e., national) or interprovincial requirements.

U.S. apple growers have long contended that the restrictions and the complex procedures that surround the application and issuance of bulk waivers are an impediment to trade and unfairly block U.S. access to Canadian fresh apple markets.

For a summary of the CFIA's general guidelines governing ministerial exemptions to Canada's Fresh Fruit and Vegetable Regulations see:

<http://www.inspection.gc.ca/english/plaveg/fresh/meguide.shtml>

Pear Area Slated to Grow in Ontario

According to news reports on Ontario's tender fruit industry, the outlook for the processed tender fruit sector received some positive news when Kraft Foods took over the former Nabisco plant in the Niagara Peninsula and is reportedly seeking to increase the area of production of processing pears (and peaches) by 1,000 acres each over the next five years.

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